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THE

Cotton

SITUATION

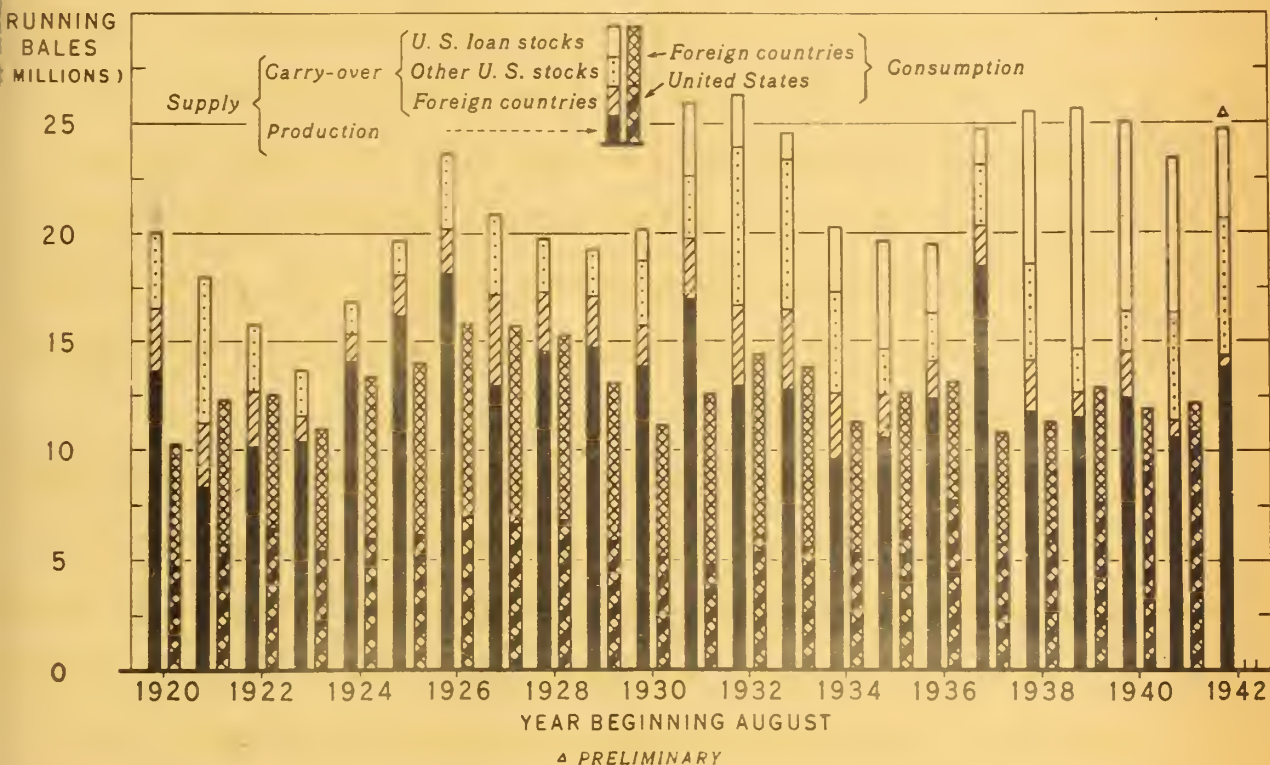
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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COTTON, AMERICAN: WORLD SUPPLY AND CONSUMPTION, 1920-42



U. S. DEPARTMENT OF AGRICULTURE

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BUREAU OF AGRICULTURAL ECONOMICS

THE INDICATED WORLD SUPPLY OF AMERICAN COTTON IN 1942-43 IS ABOUT 24.9 MILLION BALES, 1.5 MILLION MORE THAN LAST SEASON. PRODUCTION IS CURRENTLY ESTIMATED AT ABOUT 13.8 MILLION BALES AND WORLD CARRY-OVER AT ALMOST 11.1 MILLION BALES. DOMESTIC CARRY-OVER ON AUGUST 1 WAS 10.5 MILLION BALES, THE FIFTH CONSECUTIVE YEAR ABOVE 10 MILLION. GOVERNMENT STOCKS WERE THE LOWEST SINCE 1937, BUT FREE CARRY-OVER WAS THE LARGEST SINCE 1933.

LAST SEASON'S RECORD DOMESTIC CONSUMPTION OF 11.1 MILLION BALES MORE THAN OFFSET THE SMALLEST FOREIGN CONSUMPTION ON RECORD, AND WORLD CONSUMPTION INCREASED SLIGHTLY. CONSUMPTION THIS SEASON, ALTHOUGH EXPECTED TO BE SLIGHTLY LARGER THAN LAST, WILL NOT BE AS LARGE AS THE INDICATED PRODUCTION. AS A RESULT, CARRY-OVER ON AUGUST 1, 1943 WILL BE LARGER THAN AT THE BEGINNING OF THE SEASON.

THE COTTON SITUATION

(Fall Outlook Issue)

Summary

Cotton farmers are receiving the highest prices in a number of years for the crop they are now picking. The September farm price of lint -- 18.5 cents -- was the highest for any September since 1927, although slightly below the April and May levels of 19.03 and 19.17 cents, respectively. The farm price of cottonseed was \$45.33 per ton which, except for September and October 1941, was the highest since December 1923. No estimate can yet be made of the average farm price of lint and seed for 1942-43, but a crop of 14,028,000 bales, if sold at September farm prices for lint and seed, would return to producers 1,570 million dollars, the highest return since 1925-26 and 38 percent above 1941-42.

Although the domestic carry-over of American cotton on August 1 was 10.5 million bales, 1.5 million less than a year earlier, the large 1942 production gives a total domestic supply of about 24.2 million bales compared with 22.6 million last season. Consumption has tended to level off beneath the April peak of 999,749 bales, which is equivalent to an annual rate of about 11.9 million bales. Because of the tight labor situation in the cotton textile industry and the near capacity operation of many mills, further increases in consumption will probably be quite limited and total consumption this season may be about 11.6 million bales compared with 11.2 million in 1941-42.

Exports may be about the same or slightly larger than in 1941-42, the total domestic disappearance of American cotton will likely increase by a smaller amount than production, and carry-over on August 1, 1943 will be larger than at the beginning of the season.

The production of American-Egyptian cotton is currently estimated at about 99,000 running bales, the largest on record. This, added to a carry-over of 25,000 bales, gives a record high supply of about 124,000 bales. With a continuation of the May-August rate of consumption (4,387 bales per month), this supply would be sufficient to last for 28 months or until about January 1, 1945.

The price of American-Egyptian cotton at New England mill points was 45.90 cents per pound on September 25, or 6.85 cents above the price of imported Egyptian cotton. If this wide price difference continues, mills would probably respond by consuming the imported cotton in preference to the higher priced American-Egyptian cotton. However, with total imports of long staple cotton limited by quota to about 95,500 bales of 478 pounds net weight per year beginning September 20, any marked shift in consumption to Egyptian cotton during the early part of the quota year will tend to exhaust the year's quota. While consumption of American-Egyptian cotton may lag relative to Egyptian during the early part of the year, it is likely to increase substantially toward the end of the season after the supply of imported Egyptian cotton becomes depleted.

Concerted efforts to encourage farmers to shift from short to longer staple varieties are expected to be continued next season. Farmers normally producing cotton shorter than 1 inch are especially urged either to shift to longer staple cotton or to grow crops for which the war need is greater wherever practicable. The prospective supply of short staple cotton is more than adequate to meet requirements, whereas a somewhat larger supply of medium and long staple cotton is desirable.

-- September 30, 1942

THE DOMESTIC SITUATION AND OUTLOOK 1942-43

Prices and Income Above 1941;
Highest for Many Years

Cotton farmers are receiving the highest prices in many years for the crop they are now harvesting. The September farm price of 18.59 cents was the highest for any September since 1927. Although this was below the levels of April and May, it was nearly 1 cent higher than in September 1941 and 9-11 cents higher than in September 1940. The September farm price was 99 percent of parity compared with 102 percent 1 year earlier, and 59 percent 2 years earlier.

The farm price of cottonseed was \$45.33 per ton in September, which compares with \$49.83 a year earlier and \$20.32 in September 1940. The September farm price of cottonseed was 132 percent of parity, compared with 160 percent in September 1941 and 71 percent in September 1940.

Since both the price and the size of the crop exceed the level of recent years, the outlook is for increased returns to cotton farmers from marketings. Although no official estimate of returns in 1942-43 can be made at this time, it is helpful in analyzing the cotton outlook to see the effects on income of various assumed prices. For instance, the crop of 14,028,000 bales would return to farmers 1,194 million dollars from lint at a price of 17.03 cents per pound, which was the weighted average farm price last season. An average equal to the September farm price of 18.59 cents would return to growers 1,300 million dollars from the sale of lint. Returns for a crop of the size indicated in the September crop report may be figured at \$70,140,000 for each 1 cent of prices.

Assuming a lint-seed ratio of 35-65 and sales equivalent to 80 percent of production, returns from the sale of cottonseed would total about 237 million dollars at the 1941-42 weighted average farm price. On the basis of the September farm price, returns would total 226 million dollars. Thus returns from seed may be figured at about 25 million dollars for each \$5 in the price of seed per ton.

Total returns from marketings would be 1,432 million dollars, the highest since 1928, assuming last season's weighted average farm prices for lint and seed. This compares with 1941-42 returns of 1,106 million dollars. This increase of 29 percent is attributable entirely to the larger size of crop. Should the September prices be used, returns would total 1,530 million dollars, the highest since 1925 and 38 percent above the actual 1941-42 returns.

Consumption Apparently Leveling Off
After Year and a Half Advance

The sharp upward trend which commenced to characterize domestic cotton consumption in the fall of 1940 continued for more than a year and a half. The peak consumption to date was in April 1942, when 999,749 bales were consumed -- an amount equivalent to an annual rate of 11.9 million bales. This peak annual rate exceeded that of August 1940 by about 4.3 million bales; August 1941, by 1.2 million bales; and August 1942, by 0.6 million bales. The rapid rise in cotton consumption was obtained by (1) increasing the number of spindles in operation, (2) increasing the number of hours worked (more shifts per day and days per week), (3) shifting to heavier fabrics, the cotton content of which was greater.

During the past 4 months, consumption has ranged from 5,000 to 75,000 bales below the April peak. In recent months textile mills, like most other industries, have been confronted with a high labor turn-over, the difficulty of recruiting new laborers, and a growing scarcity of skilled workers.

Only Slight Increases in Consumption
Anticipated in Coming Months

Many mills now seem to be operating close to their maximum effective capacity. Others are for the most part approaching their limit, and each additional gain in consumption will become increasingly difficult to achieve. In August 95.9 percent of cotton spindles were in operation. Although this percentage may reach new high levels this season, the net effect on consumption would at best be small.

In view of the tightening labor situation, it is doubtful whether many mills will be able to increase the number of shifts. By paying overtime more mills might lengthen the work week, but many already are operating on a full three-shift 7-day basis. The output of some plants is limited by the capacity for preparing cotton for spinning, for example mills that have shifted to heavier-than-normal fabrics. In this situation, all the cotton which a plant is able to prepare for spinning in a full week -- three shifts 7 days -- can be spun in a somewhat shorter time. The shift to heavier weight fabrics is generally believed to have been about fully accomplished. Any return to lighter fabrics might permit spindle activity to increase without necessarily adding to the amount of cotton consumed. In fact, any marked shift to lighter fabrics would almost certainly result in a decline in the amount of cotton consumed, but no such shift seems now in prospect.

Increases in over-all mill consumption above present levels will undoubtedly be small compared with gains during the past two seasons. It appears reasonable to suppose, however, that the monthly rate of consumption will at least regain some of the loss since April, and total consumption for the season may be about 11.6 million bales, compared with 11.2 million in 1941-42.

Total Carry-over Down in 1942, But Proportion
of Long Staple Cotton Higher Than Expected

The domestic carry-over of American cotton on August 1 was about 10.5 million bales, or 1.5 million bales less than a year earlier, but the larger 1942 production provides a somewhat greater domestic supply of American cotton than in 1941-42. The size of the carry-over came as no particular surprise to observers. The carry-over was generally expected to contain an abnormally low proportion of the higher grades and longer lengths. The report on the composition of the carry-over, however, revealed that the supposed drain on high grade and long staple cotton had been exaggerated.

From the standpoint of the supply of cotton, this means that those grades and staple lengths of cotton which are in greater demand will be more plentiful than previously expected, insofar as they are affected by the carry-over. From a demand standpoint, the composition of the carry-over at the beginning of last season and of the 1941 crop have been quite well established for some time, leaving little room for doubt as to the total supply situation in 1941-42. The quality of cotton exported was perhaps more accurately known last season than in any earlier year. All lend-lease cotton and much of the remaining exports were drawn from Government stocks for the specific purpose

of being exported. Only by inference, however, could similar information be obtained as to the quality of the cotton consumed domestically. Many mills accepted orders last season for fabrics in which their workers had little or no previous experience. It was also necessary to work more hours per day and more days per week, recruit more new laborers, keep machinery in repair under a system of priorities, and in many cases to meet rigid quality requirements on Government orders. The existence of more long staple and high grade cotton in the carry-over than was previously expected suggests that mills may have been able to meet specifications with a slightly lower average quality of cotton than previously expected, or conversely, that a given volume of high quality cotton could be stretched farther than was previously thought likely.

Despite the larger-than-expected amount of high quality cotton in the carry-over, every effort should be made to maintain or even increase the production of long staple cotton if adequate supplies are to be assured for the duration of the war.

Production of Long Staple Cotton in Doubt Despite Increased Acreage and High Yields

When this country became involved in the war the only critical aspect of the cotton situation was the supply of long staple Upland and extra long staple cotton. To provide an adequate supply of long staple cotton, farmers were asked to expand production. Indications are that the acreage planted to varieties normally producing cotton having a staple length of 1-1/8 inches was increased about as much as the availability of suitable planting seed permitted. Consequently, it has been expected that the production of long staple Upland cotton would be up sharply over 1941, particularly since yields are unusually favorable.

Both the September 1 and September 15 grade and staple reports, however, show a substantially lower percentage of 1-1/8 and longer cotton in the cotton ginned before the respective dates than was shown in the corresponding reports last season. This relationship was evident in the districts where the bulk of the long staple cotton is grown, as well as in the report for the entire United States. With only about 1/6 of the crop ginned before September 15, it is possible that the early season's ginnings may be far from representative of the entire crop. It is also possible that the reports do typify the actual situation for the full season. Undoubtedly the October 1 and October 15 grade and staple reports will clarify the situation.

THE SITUATION AND OUTLOOK FOR EXTRA STAPLE COTTON

Largest Production and Supply on Record in 1942

With our entry into war it became desirable that the United States materially lessen its dependence upon imports of extra staple cotton, future supplies of which were uncertain. This task was made easier by the large 1941-42 supply of American-Egyptian cotton. Production had increased from about 32,000 running bales in 1940 to about 58,000 in 1941, and the total supply (production plus carry-over) from about 46,000 bales to about 73,000 bales.

Both as insurance against the cutting off of imports and to provide

for generally increased consumption of extra long staple cotton, American-Egyptian producers were asked to expand acreage in 1942 as much as the availability of suitable planting seed permitted. The result was a 44 per cent increase in the July 1 acreage over that in 1941, and the September Crop Report indicated a production of 101,000 bales, 500 pounds gross weight. The running-bale equivalent of this production is about 99,000 bales, which, when added to the carry-over of 25,000 bales, gives a total 1942-43 supply of about 124,000 bales -- the largest production and supply on record.

Consumption of American-Egyptian cotton totaled 47,031 bales during the past season, and compares with 26,937 bales the preceding year. Monthly consumption ranged from a low of 2,430 bales in September 1941 to a high of 4,951 bales in March of this year. From May to August consumption averaged 4,387 bales per month. At this average rate, the indicated 1942-43 supply would be sufficient to last domestic mills 28 months or until about January 1, 1945.

Imports of cotton having a staple length of from 1-1/8 to 1-11/16 inches are limited by quota to about 95,500 bales of 478 pounds net weight per quota year (year beginning September 20). Thus any increase in the total consumption of cotton having a staple length of from 1-1/8 to 1-11/16 inches will constitute an additional outlet for American-grown cotton. This accounts for some increase in consumption of American-Egyptian cotton last season, but since consumption of this kind of cotton has not increased as much as production, a large carry-over is in prospect.

Under normal circumstances, the farm price of American-Egyptian cotton in Arizona, where the bulk of the crop is produced, might have weakened in the face of record production and supply. However, this has been prevented by the Government price support program under which the Commodity Credit Corporation will buy American-Egyptian cotton having a staple length of as much as 1-1/2 inches upon delivery to warehouses in the producing areas at prices ranging from 35 to 40 cents per pound depending on grade. During the 5 months from April to August, the Arizona farm price has fluctuated within the narrow range of from 39.7 cents to 40.3 cents per pound, and on September 15 it was 41.0 cents.

In September, American-Egyptian No. 2 cotton having a staple length of 1-1/2 inches averaged 45.30 cents per pound at New England mill points. This exceeded by 6.25 cents per pound the price of imported Egyptian Giza No. 7 Fully Good, which averaged 39.05 cents per pound. This spread compares with a spread of from 3.25 to 6.06 cents during the preceding 4 months, and reflects in large part the reduction in the tariff on imported long staple cotton from 7 cents to 3-1/2 cents per pound effective July 29, 1942. By September 25 the price of American-Egyptian had increased to 45.90 cents and Giza No. 7 to 39.05 cents. Although the uses of both American-Egyptian and imported Egyptian cotton are now limited by orders of the War Production Board, the present wide price difference favors increased consumption of imported Egyptian cotton in comparison with American-Egyptian. If mills respond to the stimulus of the wide price difference, it would appear probable that the year's quota of imported extra long staple cotton may be depleted at a faster than proportionate rate. However, while the consumption of American-Egyptian might lag during the late summer and fall months of this year, it may increase substantially toward the end of the season when the available supply of imported cotton is diminished.

OUTLOOK FOR AMERICAN COTTON IN FOREIGN COUNTRIES

Foreign Consumption of American
Cotton to Continue Low

Many of the countries to which the United States normally supplies large quantities of cotton are no longer open to trade with this country. In those countries still able to import cotton, export outlets for cotton textiles are so limited or domestic needs for other lines of production are so large that it has been necessary to shrink the cotton textile industry. This has taken various forms, such as the rationing of cotton to mills, the rationing of textiles to consumers, and the exercise of strict control over imports to make the best use of limited shipping facilities and foreign exchange. Price competition from other growths of cotton also contributed to the low level of domestic exports from the United States.

Although detailed statistics on exports and imports are not being published for the duration of the war, considerable information on exports has been released. The Commodity Credit Corporation sold slightly more than 400,000 bales of cotton under its export sales program last season. Most of this cotton was exported last season, but some still remained. Deliveries of cotton under lend-lease total about 900,000 bales from the beginning of the program to August 1, 1942. However, most of this cotton was delivered during the 1941-42 crop year.

All cotton delivered under lend-lease up to the end of last season was obtained from the owned stocks of the Commodity Credit Corporation. Since there is a scarcity of some of the needed grades and staple lengths in the stocks now owned by the Commodity Credit Corporation, some cotton has been bought in the open market for lend-lease purposes. During September about 159,000 bales were purchased by the Agricultural Marketing Administration at prices ranging from 19.08 cents to 27.33 cents per pound. Additional quantities are expected to be purchased during October.

Small additional quantities of cotton were exported last season on a commercial basis so that exports in 1941-42 were probably slightly above the exceptionally low level of 1940-41. Consumption of American cotton in foreign countries may also increase slightly this season. During most of the past two seasons, Canadian mills have used a much higher proportion of Brazilian cotton than in any earlier year due to the price disparity favoring Brazilian cotton. In recent months, however, the shipping situation has become such as to favor a shift back to American cotton. Consequently, the consumption of American cotton in Canada may be larger in 1942-43 than in either of the past two seasons. Some increase may also occur in the consumption of American cotton in other foreign countries.

THE OUTLOOK IN 1943-44

Producers of Cotton Shorter Than 1 Inch Are Urged
to Shift to Longer Staple Varieties or Other War Crops

Even though domestic consumption of American cotton is expected to be higher this season than last and exports are expected to be as large or larger than they were, the combined increases will probably be somewhat below the increase in production. As a result, the carry-over on August 1, 1943 is expected to be somewhat above the level at the beginning of this season. The

emphasis this year was placed upon increasing the production of cotton having a staple length of 1-1/8 inches or longer. It is too early to know exactly what the production situation will be next season, but several aspects are already evident.

The only cotton of which there is definitely an oversupply under existing conditions is the short staple cotton, a high proportion of which is in the lower grades. Farmers in short staple areas who normally produce cotton having a staple length of less than 1 inch are urged to make an effort to shift to varieties having a staple length of 1 inch or more, or investigate the possibility of shifting from cotton to some other line of production for which the war need is greater. Farmers normally producing cotton of staple length of from 1 inch to 1-3/32 inches should, where practicable, shift to high-yielding varieties having slightly longer staple lengths. This would result in farmers who formerly grow the longer lengths of medium staple varieties shifting to the production of cotton having a staple length of 1-1/8 inches and longer, and farmers who formerly produced the shorter lengths of medium staple cotton shifting to slightly longer lengths so as to fully maintain production in the staple lengths just less than the 1-1/8 inches.

It has been a common practice in the past to base the premiums and discounts under the loan program on the market premiums and discounts prevailing in the months immediately prior to their announcement. Because the discounts on short staple and low grade cotton have increased materially since the announcement of the premiums and discounts under the 1942 loan program last February, farmers are confronted with smaller discounts under the loan program this fall than now prevail in the market. Producers of short staple cotton should realize that premiums and discounts under the 1943 loan program may bear a much closer relationship to market differentials than at present.

In many cases the shift to longer staple varieties will involve buying new planting seed, so farmers should determine as early as possible what varieties they will plant next season and make sure that they will have a sufficient supply of high quality seed. At present prices it is particularly costly to use run-out seed which yields less and staples shorter than high quality seed.

Farmers can also start now to plan for a decline in the supply of available nitrate fertilizer next season. This means making maximum use of winter legumes and other fertilizer materials at their disposal. Even with full utilization of all available farm supplies of nitrogenous fertilizer materials, the total supply of nitrogen available to agriculture will be well below the level available in 1942 and earlier years. Consequently, farmers will need to determine in advance how to use their supply of nitrogen to best advantage in terms of their total cropping program.

Such forward planning is also needed with respect to farm machinery, the sale of which is now under regulation. In the past, a year of good returns such as 1942 would have enabled many farmers to add to their supply of machinery and replace worn machines with new ones. In 1943 the reduced rate of manufacture and the rationing of the more important tools, implements, and machines to farmers will prevent the widespread buying of new equipment that would normally have followed so profitable a season. Together with the tighter labor situation and the level of farm wages, this makes it particularly important that machinery now on farms be kept in efficient working condition.

Table 1.-- Cotton, American: World supply and consumption, 1920-42

(Data for neg. 38598)

[illegible]

Compiled from reports and records of the Commodity Credit Corporation, and reports of the Bureau of the Census,

and the New York Cotton Exchange Service.
1/ Excluding from 20,000 to 183,000 bales destroyed annually. 2/ Probably includes some futures. the exact amount of which is not known. 3/ Preliminary

Table 2.- Cotton: Grade and staple premiums and discounts, 10 markets and Memphis, monthly average for August 1942, September 26, 1942, and rates applicable under 1942 Government loan 1/

Grade	10 designated markets										Memphis	
	7/8 inch		15/16 inch		1 inch		1-1/16 inches		1-1/8 inches			
	: Aug. :	: Sept.: 1942:	: Aug. :	: Sept.: 1942:	: Aug. :	: Sept.: 1942:	: Aug. :	: Sept.: 1942:	: Aug. :	: Sept.: 1942:		
	: Points	: loan:	: Points	: loan:	: Points	: loan:	: Points	: loan:	: Points	: loan:	: Points	: loan:
White and Extra White												
Middling Fair	-17	-29	+55	+58	---	+81	+88	---	+284	+225	---	+509
Strict Good Middling ..	-22	-37	+49	+50	---	+75	+80	---	+284	+225	---	+509
Good Middling	-29	-45	+25	+42	+45	+69	+72	+65	+284	+225	+145	+509
Strict Middling	-39	-56	+10	+31	+30	+58	+61	+55	+274	+215	+130	+494
Middling	-77	-90	base	base	base	+24	+26	+20	+164	+165	+85	+394
Strict Low Middling ..	-185	-203	-80	-116	-119	-93	-97	-40	-10	even	+10	+144
Low Middling	-372	-404	-175	-333	-165	-308	-324	-155	-325	-325	-145	-290
Strict Good Ordinary ..	-527	-554	-265	-484	-493	-480	-492	-250	-500	-500	-245	-500
Good Ordinary	-624	-648	-330	-578	-591	-577	-590	-310	-600	-600	-305	-500
Spotted												
Good Middling	-77	-109	-35	-22	-10	-3	-6	+5	+35	+40	+40	+150
Strict Middling	-94	-125	-50	-39	-42	-22	-23	-10	+10	+25	+25	+125
Middling	-183	-223	-100	-130	-141	-112	-123	-60	-25	-75	-40	+75
Strict Low Middling ..	-363	-409	-205	-323	-344	-312	-336	-175	-365	-325	-160	-325
Low Middling	-531	-594	-275	-494	-533	-491	-533	-260	-555	-550	-260	-540
Tinged												
Good Middling	-228	-291	-120	-190	-218	-176	-205	-85	-155	-175	-75	-55
Strict Middling	-248	-316	-140	-210	-241	-196	-229	-110	-175	-200	-100	-75
Middling	-383	-447	-215	-345	-384	-339	-378	-200	-375	-360	-200	-325
Strict Low Middling ..	-525	-580	-285	-500	-516	-497	-516	-275	-565	-510	-270	-550
Low Middling	-627	-679	-345	-601	-618	-601	-618	-335	-665	-610	-330	-550
Yellow Stained												
Good Middling	-449	-493	-235	-417	-433	-410	-429	-220	-405	-410	-215	-355
Strict Middling	-470	-519	-250	-438	-458	-431	-454	-235	-425	-435	-235	-375
Middling	-559	-615	-305	-529	-554	-527	-551	-295	-550	-535	-295	-525
Gray												
Good Middling	-129	-206	-85	-91	-125	-67	-108	-55	-5	-60	-35	+100
Strict Middling	-147	-227	-105	-110	-146	-85	-128	-70	-20	-80	-50	+85
Middling	-246	-333	-180	-208	-262	-194	-247	-150	-150	-240	-140	-100

Compiled from reports of the Agricultural Marketing Administration and the Commodity Credit Corporation.

1/ Based on Middling 15/16 inch.

Table 3.- Cotton: Farm price, parity price, and farm price as a percentage of parity, United States, August 1935 to date

Season beginning Aug. 1	Aug. 15		Sept. 15		Oct. 15		Nov. 15		Dec. 15		Jan. 15		Feb. 15		Mar. 15		Apr. 15		May 15		June 15		July 15		Average	
	Cents		Cents		Cents		Cents		Cents		Cents		Cents		Cents		Cents		Cents		Cents		Cents		Cents	
1935	11.44	10.55	10.88	11.51	11.37	11.10	11.02	11.14	11.19	11.27	11.38	12.62	12.62	12.39	12.33	11.09										
1936	12.29	12.55	12.23	12.01	12.37	12.45	12.58	13.69	13.72	12.93	12.47	12.39	12.39	12.39	12.33	8.41										
1937	10.51	8.96	8.10	7.82	7.67	7.79	8.01	8.41	8.24	8.41	8.12	8.66	8.66	8.66	8.41	8.50										
1938	8.12	8.23	8.53	8.52	8.20	8.29	8.23	8.31	8.15	8.48	8.67	3.77	3.77	3.77	8.66	8.66										
1939	8.70	9.13	8.73	8.80	9.71	10.09	9.97	9.96	10.03	9.79	9.54	9.54	9.54	9.54	9.09	9.09										
1940	9.23	9.23	9.35	9.28	9.33	9.45	9.44	9.72	10.45	11.68	12.81	14.32	14.32	14.32	9.89	9.89										
1941	15.33	17.53	16.55	15.73	16.23	16.93	17.80	18.06	19.03	19.17	18.26	18.55	18.55	18.55	17.03	17.03										
1942	18.03	18.59																								
Parity price																										
1935	16.12	15.87	15.87	15.75	15.75	15.75	15.75	15.62	15.62	15.62	15.50	15.87	15.87	15.87	15.76	15.76										
1936	16.12	16.24	16.24	16.24	16.37	16.62	16.86	16.86	16.99	16.99	16.99	16.99	16.99	16.99	16.63	16.63										
1937	16.86	16.62	16.37	16.24	16.24	16.24	16.24	16.12	16.12	16.12	16.00	15.87	15.87	15.87	16.25	16.25										
1938	15.75	15.75	15.75	15.75	15.62	15.62	15.62	15.62	15.62	15.62	15.62	15.62	15.62	15.62	15.66	15.66										
1939	15.50	15.87	15.87	15.87	15.87	15.75	15.75	15.87	15.87	15.87	15.87	15.75	15.75	15.75	15.66	15.66										
1940	15.75	15.75	15.75	15.75	15.87	15.87	15.87	16.00	16.00	16.12	16.37	16.49	16.49	16.49	16.00	16.00										
1941	16.86	17.11	17.48	17.73	17.73	18.10	18.23	18.60	18.72	18.85	18.85	18.85	18.85	18.85	18.09	18.09										
1942	18.85	18.85																								
Farm price as a percentage of parity																										
1935	Per- cent	Per- cent	Per- cent	Per- cent	Per- cent	Per- cent	Per- cent	Per- cent	Per- cent	Per- cent	Per- cent	Per- cent	Per- cent	Per- cent	Per- cent	Per- cent										
1936	71	77	69	73	76	70	75	71	72	72	73	73	73	73	70	70										
1937	76	54	75	74	47	75	75	81	81	76	73	73	73	73	74	74										
1938	62	52	50	48	52	48	49	52	51	52	51	51	51	51	52	52										
1939	52	58	54	54	52	53	53	53	52	54	56	56	56	56	55	55										
1939	56		55	56	61	64	63	63	63	62	60	61	61	61	58	58										
1940	59	59	59	60	59	60	60	61	65	72	78	87	87	87	65	65										
1941	91	102	95	89	91	94	98	97	102	102	97	98	98	98	94	94										
1942	96	99																								

Compiled from reports of the Bureau of Agricultural Economics.

1/ Includes unredeemed loan cotton at estimated average loan value.

Table 4.- STATISTICAL SUMMARY

Item	Unit or base period	1941 Aug.	June	1942 July	Aug.	Pct. of year ago 1/
Prices:						
Middling 15/16-inch, 10 markets	Cent	16.14	18.94	19.42	18.57	115
Farm, United States	Cent	15.33	18.26	18.55	18.03	118
Parity	Cent	16.86	18.85	18.85	18.35	112
Farm, percentage of parity	Percent	91	97	98	96	105
Premium of 1-1/8 inch over basis 2/ :						
Memphis	Point	115	450	450	450	391
Carolina "B" mill area	Point	278	638	635	650	234
New England mill area	Point	303	662	660	675	223
American-Egyptian, farm, Arizona	Cent	32.2	39.7	40.3	40.0	124
SXP, New England mill points 3/	Cent	35.50	44.41	44.52	44.86	126
Cloth, 17 constructions	Cent	36.78	40.69	40.62	40.62	110
Mill margin (17 constructions)	Cent	20.53	21.82	21.27	22.17	108
Cottonseed, farm price	Dollar	36.94	43.87	43.20	44.04	119
Cottonseed, parity	Dollar	30.67	34.28	34.28	34.28	112
Cottonseed, farm, pct. of parity	Percent	120	128	126	128	106
Consumption:						
Total, during month	1,000 bales	872.0	967.5	974.6	925.1	106
Per day, total	Bale	41,525	43,978	43,241	44,052	106
American-Egyptian cotton	Bale	2,772	4,463	4,728	4,147	150
Spindle activity:						
Spindles in place	Thousand	24,344	24,020	23,958	23,955	98
Active spindles	Thousand	23,029	23,091	23,112	22,974	100
Percentage active	Percent	94.6	96.1	96.4	95.9	101
Hours operated, total	Million	10,253	11,264	11,484	10,981	107
Hours per spindle in operation	Hour	445	488	497	478	107
Hours per day 4/	Hour	14.4	16.3	16.0	15.4	107
Stocks, end of month:						
Consuming establishments	1,000 bales	1,695	2,441	2,253	1,949	115
Public storage and compresses	1,000 bales	9,298	8,459	7,632	7,546	81
Total 5/	1,000 bales	10,993	10,900	9,885	9,495	86
Egyptian cotton, total 5/	Bale	40,050	37,654	39,424	52,577	131
American-Egyptian cotton, total 5/ ..	Bale	15,397	29,454	25,074	22,264	145
Index numbers:						
Cotton consumption	1935-39=100	160	169	166	169	106
Spindle activity 6/	Percent	125.4	133.2	130.2	136.4	109
Prices paid, interest and taxes	1910-14=100	136	152	152	152	112
Industrial production	1935-39=100	160	176	180	183	114
Wholesale prices	1910-14=100	132	144	144	145	110

Compiled from official sources. 1/ Applies to last month for which data are available. 2/ Premiums for Middling 1-1/8 inch based on near active month futures at New York. 3/ SXP, No. 2, 1-1/2 inch, staple. 4/ Total hours per spindle in operation divided by number of days in calendar month. 5/ Includes only stocks in mills and public storage and at compresses. 6/ Based on 5-day, 80-hour per week operation.

Table 5.- Cotton, all kinds: Consumption, by months, and equivalent annual rate, United States, August 1941 to date

Month	Consumption during month			Annual rate 1/		
	Total	Government	Mill 2/	Total	Government	Total less
		mattress programs			mattress programs	Government mattress programs
				1,000	1,000	1,000
	Running	Running	Running	running	running	running
	bales	bales	bales	bales	bales	bales
1941-42						
Aug.	872,035	28,000	844,035	10,696	343	10,353
Sept.	877,971	12,000	865,971	10,519	143	10,376
Oct.	955,657	6,000	949,657	10,821	68	10,753
Nov.	849,143	4,000	845,143	11,217	53	11,164
Dec.	888,379	1,200	887,179	10,402	14	10,388
Jan.	947,539	700	946,839	11,353	9	11,344
Feb.	892,238	4,500	887,738	11,685	59	11,626
March	967,406	5,400	962,006	11,327	63	11,264
April	999,749	4,900	994,849	11,884	58	11,826
May	957,864	1,700	956,164	11,749	20	11,729
June	967,523	300	967,223	11,328	4	11,324
July	994,552	0	994,552	11,138	0	11,138
1942-43 3/						
Aug.	925,089	0	925,089	11,347	0	11,347

Based on data from Bureau of the Census and the Federal Reserve Board.

1/ Based on average consumption per day. 2/ Total consumption less consumption in Government mattress programs. 3/ Preliminary.

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